



Information Bulletin

Teachers' Retirement System of the State of Illinois

Substitute and Part-Time Teaching Issues

Number: 0032

Overview

This bulletin provides information about the benefits offered by the Teachers' Retirement System (TRS) as they relate to substitute and part-time teachers. The TRS *Member Guide*, which is available upon request, offers a comprehensive resource for full-time, substitute, and part-time teachers.

TRS membership

All teachers (including substitute and part-time) who are employed by Illinois public schools outside the city of Chicago in positions that require certification are by law members of TRS.

Contributions

TRS is partially funded by the State of Illinois through a continuing appropriations law. Additionally, each TRS-covered employer is required to remit contributions at a rate of .58 percent of current earnings and to make other employer contributions required by law. The majority of our funding is provided by our members and earnings on our investments.

As a member, you are required to contribute 9 percent of your current earnings from teaching to us. Your employer is required to shelter your contribution from federal and state income taxes. We use your 9 percent contribution for the following purposes:

- retirement annuity — 7.5 percent
- automatic annual increases in annuity — 0.5 percent
- death benefits — 1 percent

In addition to your 9 percent contribution, if you are not an employee of a state agency covered by the State Employees Group Insurance Plan, you are required to contribute $\frac{1}{2}$ of 1 percent of your salary to the Teachers' Health Insurance Security (THIS) Fund. We act only as a service agent for the collection of these contributions. The contributions are deposited into the THIS Fund, which is administered by the Illinois Department of Central Management Services. THIS Fund contributions are used solely to subsidize the Teachers' Retirement Insurance Program (TRIP).

If you have eight or more years of service credit and are receiving either a monthly annuity or a disability benefit from us, you may enroll in TRIP. If you are not receiving a monthly benefit from us, you are not eligible to receive insurance benefits through TRIP.

Service credit

Your employer annually reports to us your earnings, your contributions, and the number of days you were paid. You earn one year of service credit for 170 days worked in one school year. If you work less than 170 days, you earn service credit for each day paid at the ratio of days paid to 170 days. You can earn no more than one year of credit in any school year.

You may purchase service credit for substitute or part-time teaching that you performed prior to becoming a TRS member. You may also purchase past service that was canceled by a refund. If you want to repay refunds or purchase past substitute or part-time service, please call us for the proper verification forms. The TRS *Member Guide* provides information on other types of optional service credit that you may purchase.

Retirement benefits

If you have less than five years of service credit when you retire at age 65, you may receive a single-sum annuity. To qualify for a monthly retirement annuity, you must meet one of the following requirements:

<u>Years of Service</u>	<u>Age</u>
5	62
10	60
20	55*
35	55

*You may use the early retirement option to avoid a discounted annuity.

If you meet one of these requirements, you are guaranteed a retirement annuity for life. After you have been retired for one year and are age 61 or older, you will receive a benefit increase on the following January 1. The amount of the first increase will be equal to 3 percent of your current retirement annuity times the number of years you have been retired. Future increases are also 3 percent and are compounded.

For information on retirement benefit calculations and post-retirement teaching restrictions, see the TRS *Member Guide*.

Disability benefits

We pay benefits for occupational and nonoccupational disabilities. Occupational benefits are available for work-related disabilities. You continue to accrue service credit while you are receiving disability benefits. To receive service credit and any benefit due, you must complete a disability application.

You must have at least three years of service credit and have become disabled while teaching or within 90 days of such employment to qualify for a nonoccupational disability benefit. As a substitute or part-time teacher, you must have worked as a teacher for at least 340 hours in either the school year in which the disability occurs or in the preceding school year to be eligible for disability benefits. There is no minimum service requirement for occupational disability benefits.

Disability benefits are based on the salary rate in effect at the time the benefit becomes payable. For substitute and part-time noncontractual teachers, we project an annual salary rate based on year-to-date earnings at the time the benefit becomes payable.

Death benefits

We provide two types of death benefits:

- refund of any remaining accumulated contributions plus interest and
- survivor benefits.

In the event of your death, your designated beneficiaries or your estate will receive a refund of your remaining accumulated retirement contributions plus interest.

If your death occurs while you are employed as a teacher or within 12 months following your last day of earnings,

- your dependent beneficiaries are eligible to receive a monthly survivor benefit. In order to receive this benefit, you must have 1.5 years of service credit and must have taught at least 60 days during the 18 months preceding your death.
- your nondependent beneficiaries are eligible to receive a lump-sum survivor benefit.

To designate beneficiaries, you must complete a Nomination of Beneficiary form. These forms are available from your employer.

For detailed information about TRS survivor benefits, see the *TRS Member Guide*.

Refunds

If you leave TRS-covered employment, you may apply for a refund of contributions four months from your last day of teaching. As a substitute or part-time noncontractual teacher, you are not required to have an official resignation submitted and accepted by your employer in order to receive a refund. This requirement is only for contractual teachers.

When you take a refund, you give up all rights to benefits that we may provide.

If you are considering a refund, please call our Counseling Services Department for an estimate of the potential retirement annuity you will lose if you accept the refund.

Medicare

If you were hired after March 31, 1986, you are required to contribute to the Social Security Administration for Medicare coverage. You are eligible for free Medicare Part A coverage if you have 40 quarters of your own employment or through spousal coverage.

Social Security

As a TRS member, you do not contribute to Social Security as part of your TRS-covered employment. However, you may accumulate credit under Social Security through other employment that is not covered by TRS. In most cases, your Social Security benefit will be reduced due to the windfall elimination provision.

If you are receiving a TRS annuity and are eligible for Social Security benefits as the spouse or surviving spouse of a Social Security covered worker, you should be aware that those benefits may be reduced by the government pension offset provision. This provision causes your Social Security spousal benefit to be reduced by two-thirds of the amount of your TRS annuity. However, while you are actively teaching, your Social Security spousal benefit will not be reduced.

For more information about Social Security and Medicare, please call your local Social Security Administration office.

Deductible contributions to an IRA

If you receive taxable compensation, you may establish and make contributions to an individual retirement account (IRA). Earnings on IRA invested funds are not subject to income tax until distributions are made. Contributions that may be deducted from federal income tax are subject to limitations if you or your spouse are active participants in an employer retirement plan such as TRS. You are considered an active participant covered by an employer plan if you contribute for any part of the year ending December 31.

Questions

If you have any questions about the information presented in this bulletin, please call our Member Services Department toll free at (800) 877-7896.